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1987

FLORIDA

Lodging

INDUSTRY

Laventhol & Horwath

1987 Edition

12TH ANNUAL REPORT ON HOTEL OPERATIONS

FLORIDA LODGING INDUSTRY

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$50 per copy

COMMENTS FROM AROUND THE STATE

From Fort Lauderdale

During 1986, occupancy grew slowly—62.4 percent compared with 61.5 percent in 1985—and the average room rate increased moderately—$66.92 compared with $62.97 in 1985. The lack of strong growth can be primarily attributed to the passage of local ordinances limiting "spring break" activities, resulting in these visitors vacationing in other areas of Florida, e.g., Daytona Beach. However, the slow growth trend is expected to end because of the following factors:

- A change in local governments' attitudes toward spring break visitors, and their active role in trying to lure these tourists back to Fort Lauderdale.
- The development of a 200,000-square foot convention facility in Fort Lauderdale, to be completed by 1990.
- Major construction activity throughout the county, particularly in the north and west sectors, which will include major residential, office, retail, and industrial projects.
- The development of over 2,700 new hotel rooms to include chain-affiliated properties such as Marriott, Westin, Embassy Suites, Hilton, Sheraton and Skylight Inns.

The amount of development will cause increased sectorization to continue. Lodging demand will be more concentrated and will grow based primarily on sector/demand generators, rather than county growth. Even though demand growth is expected to rebound, fast-paced increases in supply will result in soft occupancy for the next 18 to 24 months. Average room rates are also expected to remain flat during this short absorption period.

Fern Kanter
Miami

From Gainesville

Gainesville lodging activity consists of two primary market sectors: U.S. Highway 441/downtown and Interstate 75/west Gainesville. Interstate 75 hotel properties typically accommodate tourist and commercial travelers. Many travelers stop in Gainesville en route to tourist attractions in central Florida; however, University of Florida sporting, cultural and scholastic events produce a large number of spectators requiring hotel accommodations. The university, Shands Teaching Hospital and the Veterans' Administration hospital generate commercial demand.

The 1986 market area occupancy for the Interstate 75 area was approximately 71 percent with an average room rate of $34. Compared with 1985, this represents an increase of approximately three percent in average room rates; however, occupancy remained stable. Recent hotel additions to the Gainesville area include:

- A 208-room Cabot Lodge, at the intersection of Interstate 75 and Archer Road.
- An 80-suite Residence Inn, at the intersection of U.S. Highway 441 and Williston Road.

Both properties opened in November 1986. With continued reliance on the University of Florida and Gainesville area hospitals, demand for hotel accommodations should remain relatively stable during 1987.

Mike Kryzanek
Chuck Ross
Tampa

From Jacksonville

The greater Jacksonville area lodging activity is concentrated in five primary market sectors: downtown, Airport/north Jacksonville, Jacksonville beaches, west Jacksonville and Baymeadows/south Jacksonville. Jacksonville's lodging activity has remained stable, with some markets experiencing more activity than others.

The Baymeadows/south Jacksonville market has had the greatest amount of new hotel development in the past few years. During 1986 several lodging facilities opened, including the 256-room Marriott Hotel and the 112-unit Residence Inn. A Bradbury Suites Hotel is scheduled to open during 1987. Hotel developers continue to evaluate this market for additional projects; many companies, including Pickett, Hampton Inns, Courtyard by Marriott, Compri and Royce have demonstrated development interest. The Baymeadows market is currently the largest growth area for new campus-style commercial office parks and high technology industry.

Downtown Jacksonville, with the greatest amount of office space in the city, continues to be a primary generator of lodging activity. Numerous developments are being planned or under construction and projections indicate lodging activity will continue. The largest project, the Jacksonville Convention Center, was completed in October 1986. The convention center contains approximately 250,000 square feet of exhibit space and is located downtown along the north bank of the St. Johns River. It should have a positive impact on the demand for lodging facilities. Currently under construction is the 350-room Omni Hotel, located a few blocks from the convention center and part of the Enterprise Center project. The new Omni is scheduled to open in late 1987. The Jacksonville Landing, a 126,000-square foot festival/retail center adjacent to the new convention center, is

under development, with an expected opening in mid-1987. The downtown Jacksonville Hilton lost its franchise and management in early 1987. The property will be operated as an independent until another franchise can be secured.

Several new lodging facilities opened during 1986 in the Airport/north Jacksonville sector. An 156-room addition to the Holiday Inn and construction of the Hampton Inn were completed last year. The additions appear to have made no major impact on area occupancies. In west Jacksonville, lodging activity has remained stable with no significant changes in supply.

Lodging activity along the beaches remains unchanged; however, farther south in Ponte Vedre, a new resort hotel is under construction. The 350-room Marriott Sawgrass Resort and Conference Center is scheduled for completion in fall 1987 and will be affiliated with the Sawgrass and TPC golf courses for guest play.

The supply of rooms in several Jacksonville lodging markets has increased—the impact on area occupancies has yet to be determined. Continued commercial development should help in absorbing the new hotel rooms and maintaining a healthy lodging industry.

Jay Doolittle
Chuck Ross
Tampa

From Key West

An analysis of local lodging markets indicates the Florida Keys, particularly Key West, experienced further growth in demand during 1986. Despite an addition of almost 400 rooms—an increase of approximately 25 percent—occupancy remained stable. The average room rate for major hotels in Key West exceeded $110 during 1986. The limited number of available rooms to service the demand coupled with improved airline service to the area continues to contribute to the strong performance.

Major additions to the area room supply continue to be developed. Two projects under construction include the 160-room La Concha Holiday Inn and the 120-room Anchorage. The Truman Annex project is being studied. It is anticipated that these additions, which are expected to be completed during 1987, will be quickly absorbed and have minimal impact on market-area performance.

While local government restrictions limit future development in Key West, other areas in the Florida Keys, e.g., Marathon, exhibit potential for development.

Fern Kanter
Miami

From Miami

Compared with 1985, every sector of Miami's lodging market has exhibited growth in occupancy for 1986. Coconut Grove/Coral Gables displayed the strongest growth, with an increase of almost 16 percent, which is attributed to the improved performance of the area's newest hotel, the Grand Bay. The property has fared well because of quality facilities and services, and strong promotional activities. Miami's overall growth resulted from the area's absorption of recently developed commercial space, particularly lodging facilities, and increased domestic and international tourism to the area. For example, Miami International Airport hotels are posting occupancies over 70 percent, an increase of 4.5 percent from 1985, despite an addition of over 500 rooms to the area supply.

Miami's lodging demand is expected to continue to grow as new commercial development reinforces historic growth sectors, resulting in the need for additional lodging within specific areas. In 1987, over 500 rooms will be added to the Coral Gables/Coconut Grove sector. The Miami International Airport sector will also experience an increase in room supply in 1987-1988 by about 500, as will the areas in the southern part of Florida.

Fern Kanter
Miami

From Miami Beach

Over the past few years, Miami Beach's lodging market has suffered from "image problems," including a high crime rate, an increasingly elderly population, the influx of refugees and the lack of movement in real estate development/redevelopment. However, a complete turnabout occurred in 1986. Occupancy increased almost 16 percent for area hotels. Miami Beach's largest property, the 1,206-room Fountainbleau Hilton, underwent a renovation and 60,000 square feet of meeting space was added—totaling 180,000 square feet. The historic Art Deco district is being revitalized.

Strong growth expectations continue for 1987. Renovations/expansions are proposed for larger properties including the Konover, Doral Beach and Eden Roc hotels, as well as smaller ones. Construction of the Miami Beach Convention Center expansion has begun, with a projected opening in 1989. While no definitive plans for a convention headquarter hotel exist, the development of a 800- to 1,000-room hotel near the new 500,000-square-foot convention facility is expected. The current and proposed activity reveal that Miami Beach has been reestablished as a major South Florida destination.

Fern Kanter
Miami

From Naples/Ft. Myers

The Southwest Florida market has undergone substantial changes in the last 12 to 18 months. Two major hotels have been developed, the 463-room Ritz Carlton, opened in December 1985, and the 474-room Registry Hotel, opened in December 1986. Both properties are located in Pelican Bay, a major residential project in north Naples. Initial reactions have been quite strong. Both facilities have achieved high quality average room rates—over $100—with fairly strong occupancies for resort hotels in their initial years.

Marco Island and other island destinations such as Sanibel/Captiva have performed well in 1986 with strong seasons through 1987. We expect this trend to continue as the transient tourist segment remains vigorous in all areas of Florida.

Ft. Myers and surrounding areas are also growing. Although initial levels of transient activity since the development of the Southwest Regional Airport were not as strong as expected, an aggressive rebound has occurred. Airport arrivals have outpaced original projections, and talks of expanded service are underway. Lodging demand also appears to be increasing. A 452-room Sheraton Harbour Place, opened in December 1986, is expected to improve the overall hotel industry supply offerings in Ft. Myers and environs. Ft. Myers and Naples have experienced increased development activity, complementing the improved overall

lodging performance measurements. We expect this trend to continue through 1990.

M. Chase Burritt
Miami

From Ocala

Ocala area hotels are concentrated in three market sectors: Interstate 75, central Ocala/downtown and Silver Springs. The Interstate 75 sector captures the majority of transient tourists—families traveling to central Florida tourist attractions and senior citizens and families traveling to Southwest Florida—and commercial travelers. Estimated market area occupancy in 1986 was approximately 73 percent, and the average room rate was approximately $31. Compared with 1985, occupancy increased approximately three percent, average room rates increased nearly six percent.

Horse sales/shows and University of Florida football games generate the majority of room night demand in Ocala. However, Silver Springs and Ocala's proximity to Walt Disney World cause Ocala hotels to follow similar seasonality patterns as Orlando. The majority of tourists are accommodated from late January through mid-April, and in a relatively strong summer season.

Walt Disney World's Preview Center is being constructed in the Park Centre West development, located at the intersection of Interstate 75 and State Road 200. At the Preview Center, visitors will be able to prepare for their trip to Walt Disney World by purchasing admission tickets and making hotel reservations. In addition, visitors can purchase merchandise/souvenirs and preview future Walt Disney World projects.

With 32 rooms, the upscale Ritz Hotel—located on Silver Springs Boulevard east of the downtown area—will be the latest addition to the central Ocala/downtown market sector. Completion of the hotel is scheduled for July 1987. Several projects have appeared along the rapidly developing State Road 200 corridor. In addition to office space and new restaurants, the 198-room Ocala Hilton opened in April 1987. A Days Inn "executive" hotel is expected to open during fall 1987. With 150 rooms, this property will accommodate the emerging increase in commercial demand and the tourist traveler. A 180-room Howard Johnson Park Square Inn is currently under consideration within the Park Centre West development, and could be completed by January 1989. There are rumors of several other hotel projects; however, their status is uncertain.

Mike Kryzanek
Chuck Ross

From Orlando

The lodging industry in greater Orlando fared well in 1986, with occupancy levels averaging 70 percent at room rates of approximately $51.50. Strong domestic tourism, partially due to a decrease in overseas travel, lower gas prices and airfares, caused a substantial increase in occupancy over the 1985 level of 64.1 percent.

All tourist-oriented market sectors reported moderate to strong occupancy increases during 1986. As expected, Walt Disney World was the primary destination of most visitors. Commercial-oriented market sectors have relatively flat occupancy levels resulting from:

- An increase in the number of hotel rooms oriented toward the commercial traveler.
- An increase in the number of hotel rooms for the tourist traveler, which effectively reduced overflow demand that had been previously turned away to commercial-oriented hotels.

Orlando's convention presence was enhanced by the early 1986 opening of Marriott's Orlando World Center. This 1,503-room property, Florida's largest hotel, offers 92,000 square feet of meeting space. The late 1986 opening of the Peabody Hotel, located at the convention/civic center, helps to poise Orlando as a major convention destination.

Our projection for the greater Orlando lodging industry remains rather optimistic. While occupancy levels will vary among submarkets, preliminary 1987 estimates indicate that occupancy may top the 1986 level.

Walt Disney World's fifteenth anniversary celebration, Disney's increased network television presence and a sharp increase in Disney licensed products are expected to increase the attraction's attendance.

Walt Disney World projects scheduled for completion in 1988 and 1989 include:

- The 900-room Grand Floridian Hotel;
- Typhoon Lagoon, a water-oriented attraction;
- Pleasure Island, an adult entertainment complex, and
- Walt Disney-MGM film studio.

Sea World is in the midst of one of its most ambitious projects: the $13 million Penguin Encounter, the largest and most technically advanced exhibit of its kind in the world. Meanwhile, Circus World was transformed into Boardwalk and Baseball, a "Coney Island" type attraction with a baseball theme. The park will be the spring training home of the Kansas City Royals.

Growth is expected in three areas of greater Orlando in 1987. In the University of Central Florida area, a new Holiday Inn opened in early 1987 with 250 rooms. Near Orlando International Airport, Lee Vista Center offers class-A office space, warehouse/showroom space and residential apartments (under construction). An 150-unit Pickett Suite Inn is planned for Lee Vista, and many other developers are interested in the area. Near Lake Buena Vista, Vista Center is being developed. A 320-room Comfort Inn recently opened in this development, while numerous other hotels are being considered.

Orlando's potential remains tremendous. We expect Orlando to continue its emergence as an exciting, growing metropolitan area in tourism, commercial and corporate activity, and especially convention-related business.

Chris Burr
Chuck Ross
Tampa

From the Palm Beaches

The lodging industry in Palm Beach County fared well in 1986, with occupancy levels averaging nearly 66 percent, a 2.6 percent increase over 1985 levels. Room rates increased 5.9 percent to approximately $98.

1987 is expected to be another good year for the Palm Beaches. While occupancy levels varied among submarkets, results of the 1987 winter season indicate that county-wide demand for hotel rooms increased 6.31 percent over the same period in 1986, and room revenues increased almost 8 percent.

Along with growth in demand, there was a 7.73 percent increase in the supply of available rooms. County-wide occupancy rates during the 1987 season remained relatively flat at 76.6 percent, compared with 76.8 percent the previous year. Considering that 734 rooms were added to the supply, however, the stable

occupancy level demonstrates the market's fast absorption of new products.

Performance highlights in each of the county's submarkets include:

- The south Palm Beach County submarket, extending from Delray Beach to southern Palm Beach County, did not experience any additions to supply in 1986. The growth in hotel room demand was essentially flat during the 1987 season. A factor contributing to the negligible growth was the late 1986 opening of several large business-oriented hotels in the Cypress Creek area, which is just south of this market area in Broward County. The opening of these properties has drawn some commercial travelers away from the south Palm Beach County market. The strong chain affiliation of the 254-room Marriott, opening at Crocker Center in August, and the 205-room Radisson, opening at the Arvida Parkway Center in fall 1987, should draw commercial travelers back to the area, and will help create demand for south Palm Beach County hotels.
- Central Palm Beach County, which extends from Boyton Beach to north of West Palm Beach at 45th Street, experienced a large increase in the supply of hotels rooms in 1986 and early 1987; the number of available rooms for the 1987 season grew nearly 21 percent over the same period in 1986. This growth occurred in the area immediately surrounding Palm Beach International Airport. These additions depressed occupancies in many of the individual hotels in the central Palm Beach County during the 1987 season. However, the demand for hotel rooms actually increased almost 11.5 percent in 1987 over the same period in 1986. As office space in this area continues to be absorbed, new businesses will enter the area, and commercial demand should continue to increase. Since no additions to room supply are expected for the remainder of 1987, occupancies in central Palm Beach County should improve in 1988.
- In the 1987 season, Palm Beach Island experienced a decline in available rooms, as one of the largest properties in south Palm Beach reduced its available inventory of rooms in preparation for closing completely in summer 1987. With this reduction, Palm Beach Island had almost a 5 percent decrease in the number of available rooms compared with the 1986 season, and growth in demand was flat. In contrast, newly renovated, smaller luxury properties on Palm Beach Island experienced significant improvement in demand during the 1987 season.
- North Palm Beach County extends from 45th street north to the Martin County border, including Singer Island. This area experienced a nearly 20 percent addition to room supply, partially due to the opening of the 223-room Singer Island Oceanfront Holiday Inn Resort. Demand for hotel rooms in north Palm Beach County increased by nearly 15 percent over the 1986 season. The increase in office space leasing, construction of I-95 and the beginning of the building at the Gardens Regional Mall resulted in increased demand in north Palm Beach County. The outlook for this area's hotel market is positive. It is anticipated that the only addition to room supply will be the 44-room Comfort Inn, opening in late 1987. With the completion of I-95 in December 1987, demand for hotel rooms in this submarket will continue to increase.

Despite the strong growth in demand during the 1987 season, the supply of additional hotel rooms in Palm Beach County exceeded the demand. The balance of 1987 is expected to mirror year-to-date performance, with some possible decreases in occupancies resulting from an expanded guest room supply absorbing demand growth Occupancies are expected to improve in 1988 and 1989, resulting from several factors: commercial development and absorption of office space continues to be strong; growth in hotel supply is expected to decrease during the next two years, permitting improved occupancy over 1987, and the average quality of existing lodging supply is improving, with the increased refurbishment and redevelopment of obsolete hotels. The area infrastructure will improve dramatically with the opening of a new airport facility, doubling passenger capacity, and the completion of I-95.

Jeffrey Brown
John Johnson, IV
Palm Beach

From Pensacola

Pensacola hotels are clustered in three major areas: downtown, beach and University Square Mall/Interstate 10. While beach properties cater primarily to tourists, hotels located downtown and near the University Square Mall/Interstate 10 area receive a significant portion of commercial demand.

Several factors indicate continued growth in tourist, commercial and group meeting demand in Pensacola including:

- The Seville historic district is currently being renovated. This area, containing quaint shops and restaurants, is expected to increase the area's tourist appeal.
- The relatively stable economy of Pensacola, which is due to a naval air station and economic diversity.
- An aggressive chamber of commerce is actively pursuing group meeting and convention demand, as well as attempting to build a tourist shoulder season.

With a strong summer tourist season and continued increases in commercial demand, 1987 is expected to be a good year for area hotels.

Chuck Ross
Tampa

From Sarasota/Bradenton

The Sarasota/Bradenton lodging market fared well in 1986. The market area is characterized by two distinct sectors: the highway and beaches. Hotels in the highway market sector experienced stable occupancy and average room rates in 1986 when compared with 1985 levels at approximately 56 percent and $42, respectively.

In the beach sector, occupancy was 66.4 percent, an approximate one percent increase over 1985 levels. Estimated average room rate for the sector was approximately $103.00, up nearly seven percent over 1985 rates.

In November 1986, the 131-room Days Inn opened in south Sarasota near the intersection of Stickney Point Road and U.S. Highway 41. The 79-room Econo Lodge experienced its first full year of

operation as did the Holiday Inn (Downtown), which was renovated and converted to a Holiday Inn in late 1985. Other new hotels entering the market include:

- A 97-room Hampton Inn, located approximately one-half mile south of the airport along north U.S. Highway 41 in Sarasota, completed in March 1987.
- A 50-room Scottish Inn, located on U.S. Highway 41 approximately one mile south of the airport in Sarasota, completed in May 1987.
- A 49-room Scottish inn in Bradenton along U.S. Highway 41, approximately 3.5 miles north of the airport, scheduled to open in early 1988.

The beachfront market remains stable with no additions to the supply of hotel rooms. The Bradenton area and downtown Sarasota markets also remain stable. Several other hotel projects are under consideration or planned for the Sarasota/Bradenton area; their status, however, remains uncertain. In addition to the hotel projects, other commercial developments that are proposed, under construction or recently completed should enhance the area's business and tourism industries.

Jo Ellen Salerno
Chuck Ross
Tampa

From Tallahassee

Lodging facilities in the Tallahassee area are concentrated in four market sectors: U.S. Highway 27 North near Interstate 10, U.S. Highway 27 South, U.S. Highway 90 West and downtown.

The U.S. Highway 27 North/Interstate 10 interchange has experienced the greatest increase in supply over the previous three years; approximately 1,700 rooms are currently available. Although this sector is still regarded as the best performer in the area, occupancy levels are approximately the same as in 1985. Hotels attract tourists en route to and from central Florida attractions largely because of the lodging shortage along other Interstate 10 interchanges in North Florida.

The U.S. Highway 27 South corridor, catering primarily to commercial travelers, is reemerging as a major supplier of hotel rooms. Recent additions include the 130-room La Quinta and the 99-room Leisure Inn.

Hotels on U.S. Highway 90 West, near Florida State University, have experienced the greatest decline in response to the addition of new hotels in the U.S. Highway 27/Interstate 10. Although most hotels in the U.S. Highway 90 West sector are commercial and still perform well during university-related activities, no additions are planned.

The downtown market sector relies primarily on the state capitol, commercial activities associated with the legislature and the civic center.

New hotel development activity in Tallahassee includes:

- A Best Western, in the planning stages for a site on U.S. 27 Highway South (Apalachee Parkway).
- A Best Western, proposed for a site on U.S. Highway 27 North (N. Monroe Street, South of Interstate 10 interchange).
- The 147-room Marriott Courtyard, on U.S. Highway 26, expected to open in August 1987.

The Downtown Improvement Authority is continuing with plans to develop a headquarters hotel near the Tallahassee/Leon County Civic Center. Proposals for the development are being considered by the City Commission.

Other factors influencing the Tallahassee hotel industry include a gradual shift from total dependence on state and local governments and university activity to light, clean industry and more aggressive marketing efforts directed at tourists.

Jane Boyd
Chuck Ross
Tampa

From Tampa/St. Petersburg/Clearwater

The greater Tampa Bay area's lodging industry exhibited continued strength and stability during 1986 despite numerous additions to the supply of hotel rooms—approximately 5,000 since 1980, representing a greater than 35 percent increase. Composite annual occupancy levels for the Tampa Bay area have remained relatively stable. These factors contributed to a substantial increase in overall captured room nights.

The annual occupancy for 1986 and 1985 was approximately 63 percent. The market area average room rate was approximately $49.50 compared with $48.50 in 1985. The market remains predominantly tourist oriented at 50 percent of the overall market mix; the fastest growing segment is the commercial traveler at 35 percent, with convention/group meetings comprising the balance.

In Pinellas County, the most active sector for lodging development is Mid-Pinellas County, commonly referred to as the "Gateway" area. During the past few years, office, industrial and service center parks have been developed and rapidly absorbed by expanding, new and relocating companies. The major generators of development interest and activity in the Gateway area include:

- Carillion corporate headquarters park, an 180-acre project to include 2.3 million square feet of office, retail, light manufacturing and research/development space. Two hotels with a total of 750 rooms are also part of the master plan.
- Gateway Centre complex, a $500 million project to include 5.8 million square feet of office, retail and light industrial projects. The master plan calls for two hotels with a total of 600 to 700 rooms.

While development has been affected by zoning and other delays, these two projects have triggered other lodging additions along the Ulmerton Road corridor in the Gateway area. Recent and planned additions include LaQuinta, Days Inn, Residence Inn and Hampton Inn.

Development activity for the remainder of Pinellas County has been slow to moderate. The only active major hotel project in downtown St. Petersburg, the former Bayfront Concourse, reopened in 1987 as the St. Petersburg Hilton and Towers, a completely renovated facility. The historic rehabilitation of the 347-room Vinoy hotel is still being pursued despite frequent delays caused by financial and legal difficulties.

Beach hotels in Pinellas County have consistently demonstrated the strongest performance levels; however, lack of available beachfront property limits new development. Substantial development of retail and residential support services have occurred in North Pinellas County.

In Hillsborough County, the Airport/Westshore market sector has the highest level of activity—7.3 million square feet of prime office space has been developed. Approximately 860,000 square feet was absorbed in 1986, with a resulting 1986 vacancy rate of approximately 25 percent.

Leasing activity remains strong, but estimates project absorption of the newly opened and planned projects will take a few years.

In 1986, over 1,500 rooms were added to the Airport/Westshore area, with a new Residence Inn, Embassy Suites, Pickett Suite Hotel, Howard Johnson Plaza Hotel, Courtyard by Marriott and Hyatt Regency-Westshore products.

In downtown Tampa, Phase I of Harbour Island, a $150 million project, was completed in mid-1985. The 177-acre island offers specialty retail and office space, multi-family housing and a 300-room Lincoln Hotel. Over one million square feet of first-class office space was added to downtown Tampa, with the completion of the Ashley Tower and Barnett Plaza developments. The $262 million Tampa Convention Center, to be developed at the southern end of downtown Tampa, will include approximately 200,000 square feet of meeting space, and is scheduled for completion by mid-1990. In addition, Harbour Island was recently selected as the site for the $52 million Florida Aquarium.

The completion of Interstate 75 (I-75) through north and east Tampa in mid-1986 has stimulated numerous commercial, industrial and research/development parks, including proposed hotel developments. Major projects in the planning stage for the north Tampa quadrant of I-75 include:

- Tampa Telecom Park, a 326-acre high-technology park consisting of office, industrial, service center and commercial retail space, and a 350-room hotel. It is located along the I-75 corridor between Fletcher and Fowler Avenues.
- Tampa Technology Park, a 1,756-acre professional technical office park, is proposed to contain 10 to 12 million square feet of space and be developed over a 25- to 30-year period. It is located at the intersection of State Road 581 and I-75.
- Hidden River Corporate Park, a 474-acre mixed-use development located north of Fletcher Avenue between the Hillsborough River and I-75. Current plans for Phase I of development will include 75,000 square feet of research/development space. This project will include approximately 1.1 million square feet of space within five years and include two hotels by build out.

The Sabal Industrial Park, Corporex Park and Interstate Business Park have generated continued development interest in east Tampa. Hotel operations at interstate locations in Pasco and Hernando counties are stable, and expansion of the lodging industry will likely follow commercial industry growth.

Initial indicators of the greater Tampa Bay area lodging industry suggest an excellent year for tourism in 1987, and continued growth of commercial/corporate activity. With the current absorption of 1986 lodging additions, market area occupancies are expected to decline temporarily during off-peak periods. However, the strength, vitality and continued economic growth of the greater Tampa Bay area should support continued growth of room-night demand.

Jane Morgan
Chuck Ross
Tampa

FACTS AND FEATURES INFLUENCING THE FLORIDA LODGING MARKET

Special Features

- Florida earns more from the spending of foreign visitors than any other state.
- Most air travel to Florida occurred in the first quarter of the year.
- Auto travel decreased due to favorable air travel packages and deregulation, which lowered air fares.
- The Southeast region as a whole experienced an increased number of tourists and conventions
- The market mix changed from tour and travel to conventions and meetings.
- Orlando Airport had a 22 percent increase in passengers over 1985.
- In 1986, Walt Disney World achieved its largest attendance due to:
  - low gas prices
  - weak U.S. dollar
  - decreased foreign travel
  - less expensive airfares
- The Tampa Bay area has regional offices for IBM, Citicorp and General Dynamics.
- Miami is a gateway to the Caribbean and Latin America.
- Tampa's hotel demand increased due to an abundance of "clean" industry and excess office space
- Miami's "turnaround" from a resort with a declining reputation to a successful business center resulted from downtown development.
- Florida has become a "must see marketplace for industry insiders" especially for people involved with manufacturing or government purchasing.
- Tampa Bay has the eighth busiest seaport in the nation.
- Tampa Bay has created combination business parks and hotels targeted toward commercial travelers.
- In 1986, some 700,000 conventioneers visited Orange County.
- The completion of Interstate 75 through the three county area of Naples, Fort Myers, and Sarasota will generate an enormous amount of growth in Southwest Florida.
- Naples has one of the fastest metropolitan area growth rates in the nation.
- The Sarasota Quay and the Sarasota Main Plaza, two major projects in downtown Sarasota, have been completed.
- The Tampa Bay metropolitan area is the fourth fastest growing region in the nation.
- Tourism, economically the state's most important industry, is flourishing.
- The need for more business workers caused Orlando's population to increase.
- Orlando's hotel industry employs 25 percent of the work force.
- Orlando has become a convention center area.
- Miami has one of the largest ports in the world.
- 1986 will be the year of the buyer in Dade County real estate, and the hotel market is said to be a "hot point."
- Jacksonville is not overbuilt; there is room for growth in the real estate market, especially in budget and corporate hotels.

Places and Events:

- Miami Metrozoo
- Metro-Dade Cultural Center
- Gusman Cultural Center
- Bass Museum of Art
- Conservatory in Miami
- Coconut Grove
- Biscayne
- Coral Gables
- Walt Disney World—15th anniversary
- Sea World—Baby Shamu's first birthday
- Wet 'n Wild
- Cypress Gardens
- Busch Gardens
- Spaceport USA
- Everglades
- Hialeah Park
- Tampa's Latin Quarter (Ybor City) centennial
- Tampa Bay Performing Arts Center

Conventions:

- Hotel Sales and Marketing Association Convention
- Institute of Association Management Company Conference (Miami)
- Society of Company Meeting Planners (Grenelefe)

State Facts:

- Occupancy level was 66.8 percent.
- Average room rate was $51.14.
- Total number of available rooms—270,510.
- Total number of hotel employees—117,000.
- Total number of hotel properties with 25 rooms or more—2,017.

Fortune 500 Companies:

The number of Florida Fortune 500 companies in 1986 was ten compared with five in 1985. Below is a listing of corporate headquarter locations:

Cities	Number of Fortune 500 Companies
Tampa	2
Miami/Miami Beach	2
Other*	6

*Other contains those cities with only one Fortune 500 company.

THE FLORIDA LODGING INDUSTRY—1986

by Elizabeth Ann Rifkin
Research Division
Philadelphia, Pennsylvania

Foreword

This is Laventhol and Horwath's twelfth annual in-depth analysis of the Florida lodging market. The report is based upon the the financial information given to us by 96 lodging operators for fiscal year 1986. Revenue for these properties totaled $7.5 million, with room revenue accounting for 60 percent, or $4.5 million. An additional 20 operators provided us with data on their amenities, technology and guest services; this information is incorporated into appropriate charts.

The data presented in this report have been computed on the most common bases used to analyze operating results of lodging establishments: ratios to total sales, ratios to room sales and annual amounts per room. Readers not familiar with L&H's lodging studies are advised to read the "Explanation of Terms" article on page 40.

As with last year's report, all ratios are presented as a percent of total sales. Prior to the 1986 edition, department ratios were presented as a percent of corresponding sales, e.g., the 1985 edition of the *Florida Lodging Industry* presents food and beverage costs as a percent of food and beverage sales, as opposed to the 1986 and 1987 versions that report these figures as a ratio to total sales. It is important to remember this when comparing previous years' data.

Many of the study's exhibits report a median, which is the middle value of all responses to a specific line item that has been put in sequential order. Each line item has been analyzed separately, and the medians are based on the information submitted for that line item only, since all establishments did not report data for each line.

Medians are used to alleviate any bias inherent in the data. For example, if a property has a large 1986 operating loss, and means are employed, the loss would decrease the average for the entire group. By using medians, properties with extremes in data do not have a greater effect on the data than other properties in the sample. For further information on medians and means, refer to the "Understanding Medians and Means" article on page 38.

L&H makes no attempt to set or conform prices or operating ratios for the Florida lodging market. The amounts and ratios contained in this report should not be considered standards, but should be used only as a guide when analyzing the operating results of a specific property.

Laventhol & Horwath would like to thank the Florida lodging properties that participated in the production of the 1987 edition of the *Florida Lodging Industry*. Without the continued support of concerned lodging operators, this report and the valuable information it provides would not be possible.

Review

Florida's median annual occupancy rate increased in 1986 to 66.8 percent, as compared with 1985's figure of 65.5 percent. This year's occupancy rate was well above the regional average of 62.8 percent, and the national average of 64.9 percent (as reported in the 1987 edition of the *U.S. Lodging Industry*). An increase in foreign and domestic tourism contributed to the strong occupancy level. Florida's tourism, as well as tourism for the entire United States, increased because of several factors:

- reduced U.S. travel overseas due to terrorism
- low gasoline prices
- favorable air travel packages and deregulation that lowered air fares
- decline in the value of the dollar
- an increase in the number of foreign arrivals

Florida's many tourist attractions also contributed to the increased occupancy rate.

Sections of Florida that reported higher than average 1986 occupancy rates were Lake Buena Vista, 81.9 percent; Coral Gables/Coral Grove, 72.7 percent and U.S. Highway 192 in the Greater Orlando area, 74.1 percent. According to L&H's monthly Florida *Trends*, the overwhelming majority of areas in Florida reported higher occupancies in 1986 than in 1985.

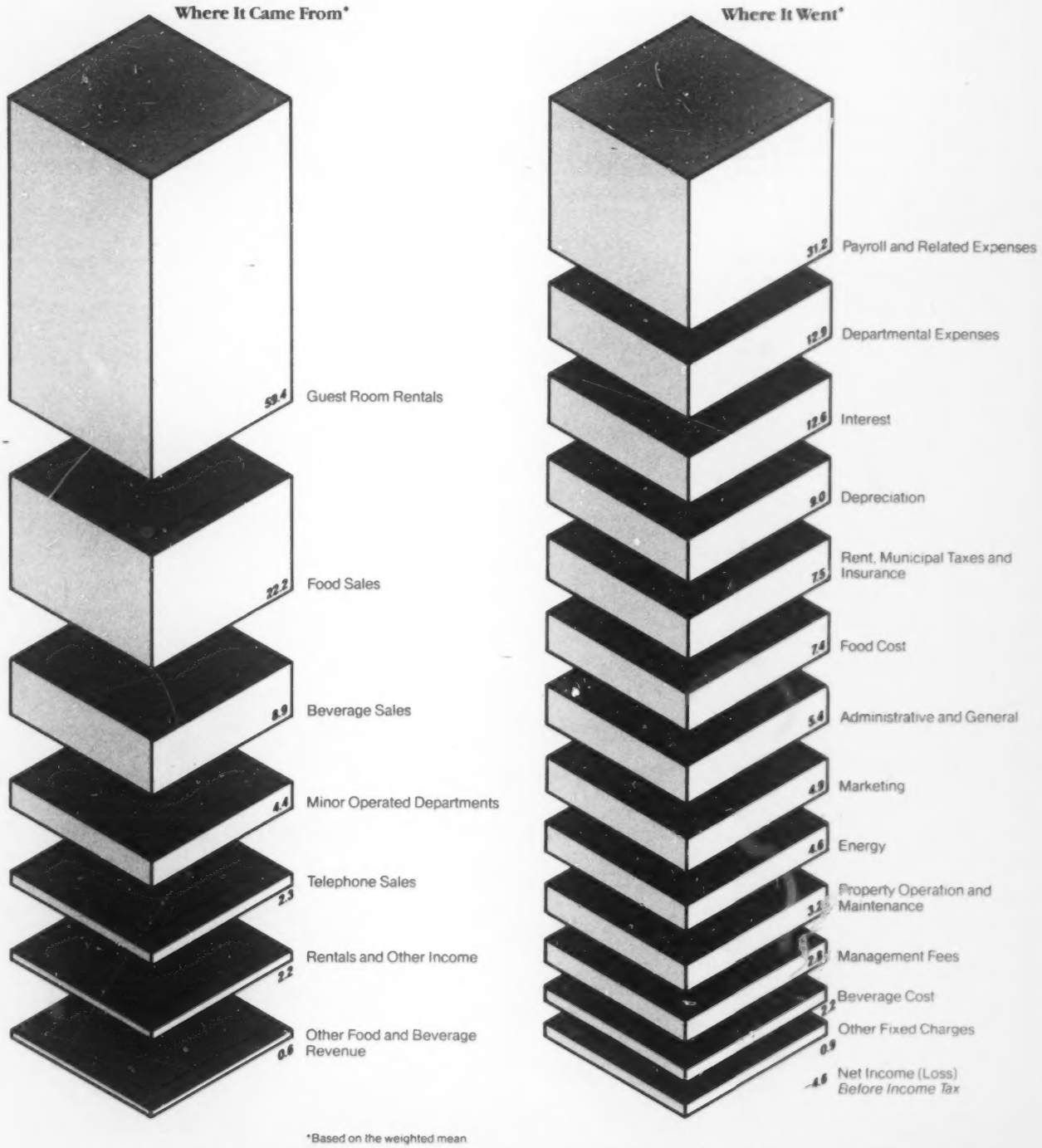
Convention business continues to help boost the occupancy rate. Florida has an added incentive for conventioneers: with an abundance of tourist attractions, families can travel together to combine business with pleasure. An increase is expected in the number of room nights convention business will generate.

The increase in Fortune 500 companies headquartered in Florida provided the lodging market with another positive influence, contributing to the high occupancy levels. In 1986, ten corporate headquarters were located in Florida; in 1985, there were five.

The median average daily rate remained relatively unchanged—$51.14 in 1986 from $51.06 in 1985. Several areas of Florida experienced much higher average rates in 1986: Palm Beach Island—$121.62, West Palm Beach—$99.99 and Lake Buena Vista—$91.90. As with the occupancy percents, almost all areas reported average daily room rates for the year above 1985 levels. For further information on occupancy percents and average daily rates by area, refer to Exhibit 19. For additional information on selected areas

Chart 1

The Florida Lodging Industry Dollar 1986



*Based on the weighted mean

of Florida, please see the "Comments from Around the State" section beginning on page 3.

Increased occupancy resulted in a much better bottom line than reported in the 1986 edition of the *Florida Lodging Industry*. On a per room basis, total revenue increased almost $2,000 to $17,598. Departmental expenses did not rise proportionately with the increase in revenue, thus total departmental profit on a per room basis rose approximately $1,500.

The bad news is that as a ratio to total sales, the median net income amount per hotel was a 3.6 percent loss, which means for every dollar of revenue generated by an operation, almost one dollar and four cents was spent on expenses. One encouraging note, however, is that this figure is six percentage points better than the 9.6 percent loss in 1985. A decline in fixed charges was one reason that the net operating expense decreased. The 1986 median figure was 28.9 percent, three percentage points less than the 1985 figure of 31.9 percent. Therefore, of the responses we received, at least half experienced a net loss of at least 3.6 percent in their operation. (Remember that a median is the middle value of all responses that have been arranged in sequential order.)

The Florida lodging market experienced a much better year in 1986 than 1985, and the future looks bright. In the first quarter of 1987, the occupancy level was higher than in the first quarter of 1986 for all our reported areas. The state thus far has been able to absorb new hotel rooms without jeopardizing occupancy rates. The prediction for Florida is so optimistic that plans are underway for several convention centers and mixed use development (MXD) projects. MXDs contain at least three primary revenue-producing uses, such as retail, offices, housing, entertainment and hotels. Developers have to be wary as to not saturate this market area, thereby creating "too much of a good thing," which markets throughout the United States have already experienced.

Chart 2
Florida Lodging Industry
Technological Characteristics—
Property Automation

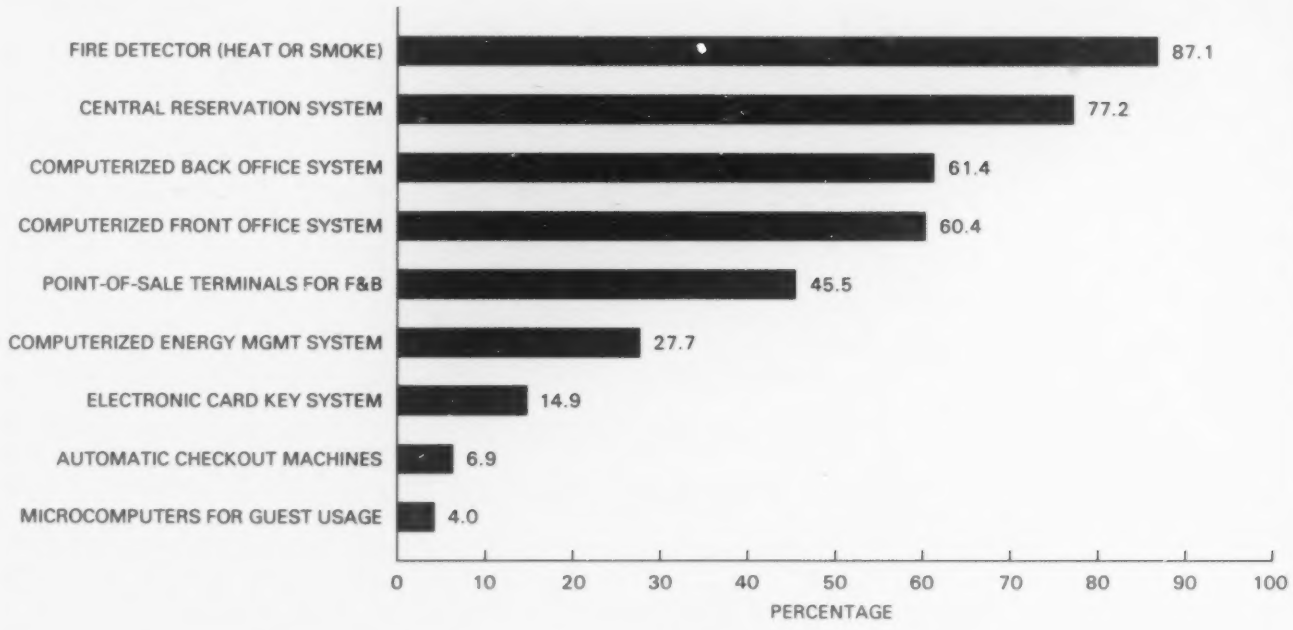


Chart 3
Florida Lodging Industry
Technological Characteristics—
Telephone Services

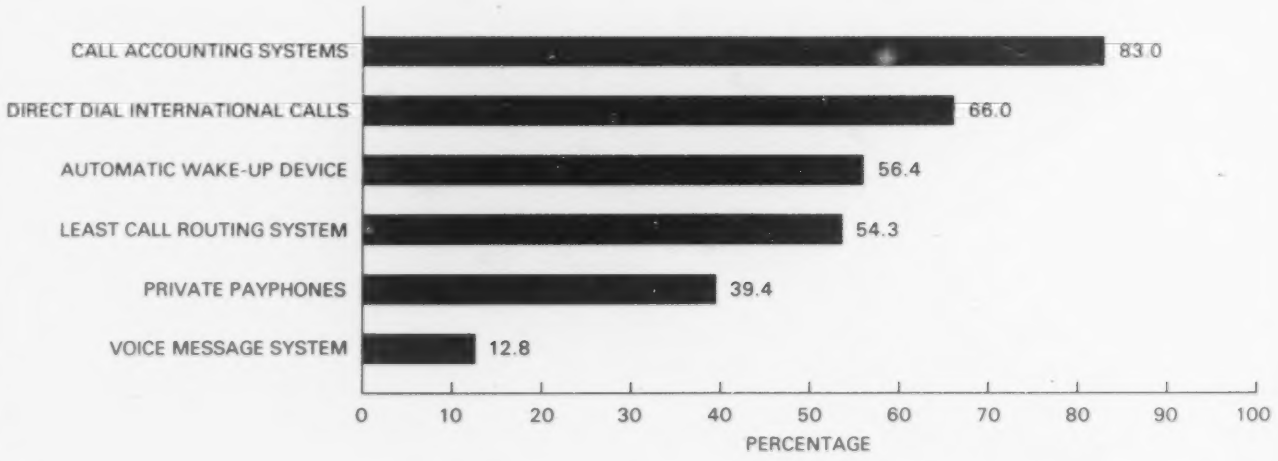


Chart 4
Florida Lodging Industry
Technological Characteristics—
In-Room Entertainment Systems

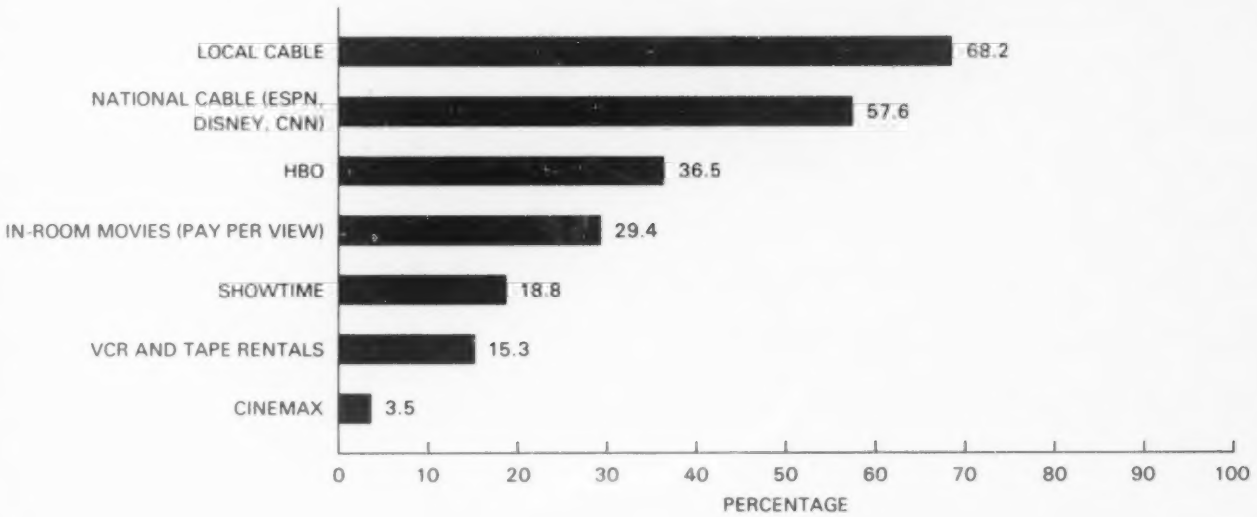


Chart 5
Florida Lodging Industry
Guest Services

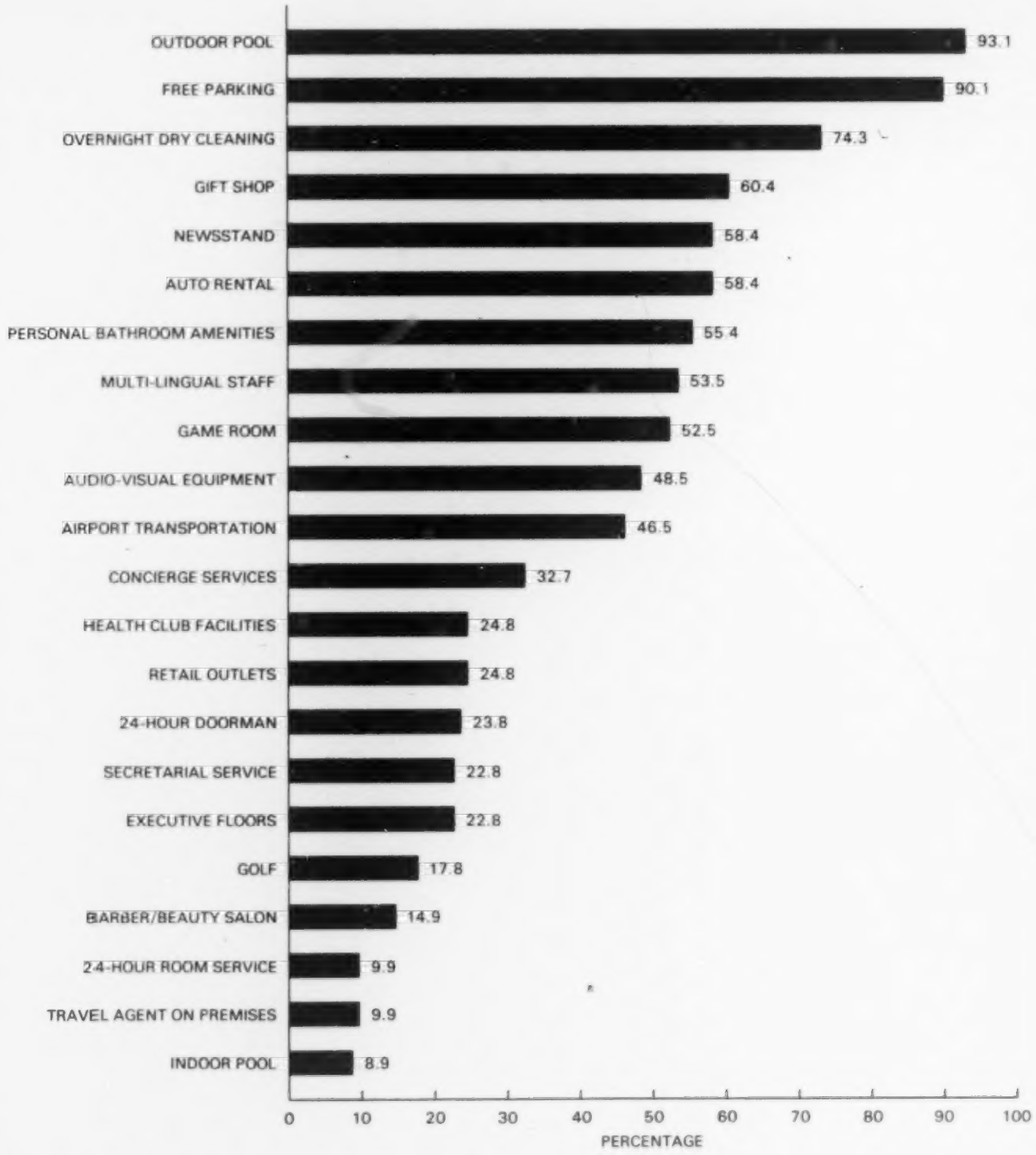


Exhibit 1
1987 Profile of Contributors

Affiliation	
Chain Owned	20.7%
Chain Leased	2.6
Chain Managed	12.9
Chain Franchised	27.6
Independent	29.3
Not Reported	6.9
Occupancy	
Less than 50.0%	7.4%
50.0–59.9%	22.3
60.0–69.9%	27.7
70.0% and Over	42.6
Profit/Loss	
Profit	31.9%
Loss	41.4
Not Reported	26.7
Location	
Center City	11.2%
Suburban	12.1
Airport	9.5
Highway	14.7
Resort	51.6
Not Reported	0.9
Average Room Rate	
Under $40.00	27.7%
$40.00–$54.99	34.0
$55.00–$69.99	18.1
$70.00 and Over	20.2
Size	
Under 150 Rooms	23.4%
150–299 Rooms	41.5
300 Rooms and Over	35.1

Exhibit 2
Market Data*

	All Establishments	Size		
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over
Source of Business				
Foreign	17.1%	18.1%	16.8%	18.4%
Domestic	82.9	81.9	83.2	81.6
Total	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	27.5%	29.9%	25.9%	23.2%
Composition of Market				
Leisure	50.4%	63.1%	48.0%	44.3%
Business/Government	32.1	30.2	34.0	26.0
Conference Participants	12.2	2.9	9.2	27.1
Other	5.3	3.8	8.8	2.6
Total	100.0%	100.0%	100.0%	100.0%
Percentage of Guests with Advanced Reservations	64.8%	58.7%	63.9%	76.0%
Advanced Reservation Mix				
Direct Inquiry	38.4%	50.8%	30.6%	24.4%
Own Reservation Systems	26.6	27.9	30.7	29.1
Independent Reservation Systems	4.4	3.6	4.3	7.0
Travel Agent	16.4	9.9	14.7	21.5
Tour Operators	7.4	5.1	11.7	7.0
Hotel Representative	5.5	2.7	5.8	9.3
Transportation Company	1.3	0.0	2.2	1.7
Total	100.0%	100.0%	100.0%	100.0%

*All amounts are means.

Exhibit 3
Occupancy, Guests Per Room and Average Room Rate*

	Occupancy	Number of Guests Per Occupied Room	Average Room Rate
All Establishments	66.8%	1.61	$51.14
Size			
Under 150 Rooms	68.9%	**	$45.33
150–299 Rooms	66.1	1.89	44.29
300 Rooms & Over	65.8	1.52	64.22
Rate			
Under $40.00	64.8%	**	$33.67
$40.00–$54.99	68.2	1.64	47.79
$55.00–$69.99	68.5	1.95	64.80
$70.00 & Over	65.5	1.61	80.47
Occupancy			
Less than 50.0%	**	**	**
50.0–59.9%	55.8%	2.04	$48.76
60.0–69.9%	64.8	1.76	52.79
70.0% & Over	76.5	1.50	49.27

*All amounts are medians.
**Insufficient response.

Exhibit 4
Distribution of Sales*

	All Establishments	Size		
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over
Sales Distribution				
Cash Sales	34.0%	50.4%	31.6%	26.4%
Credit Card Sales	53.2	46.4	49.8	55.6
All Other Credit Sales	12.8	3.2	18.4	18.0
Total	100.0%	100.0%	100.0%	100.0%
Percentage of Cash Sales from Travel Agents & Tour Operators	23.5%	40.7%	17.7%	**
Percentage of Credit Card Sales by Card				
American Express	45.6%	43.7%	41.1%	54.3%
Visa	25.4	29.1	24.6	22.4
Master Card	19.7	21.0	22.5	16.5
Diners' Club	5.0	3.8	6.3	4.4
Carte Blanche	1.9	0.7	3.0	1.4
Discover	1.6	1.3	1.8	0.6
Other	0.8	0.4	0.7	0.4
Total	100.0%	100.0%	100.0%	100.0%

*All amounts are means.
**Insufficient response.

Exhibit 6
Rooms Department
Ratio to Room Sales*

	All Establishments	Size		
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over
Revenue				
Room Sales	100.4%	100.1%	100.1%	100.6%
Allowances	0.9	0.9	1.1	1.0
Net Revenue	100.0%	100.0%	100.0%	100.0%
Expenses				
Payroll & Related	16.4%	16.4%	16.1%	16.5%
Travel Agent Commission & Reservation Expense	2.5	1.6	2.7	3.0
Contract Cleaning, Dry Cleaning, Linen & Laundry	2.1	0.8	2.2	2.7
Operating Supplies	2.2	3.1	2.0	1.9
All Other Expenses	1.4	1.6	1.4	1.5
Total Departmental Expenses	26.9	26.9	26.4	26.5
Net Departmental Income	73.1%	73.1%	73.6%	73.5%

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 5
Sales Per Guest Day*

	All Establishments
Rooms	$39.57
Food & Beverage	18.91
Telephone	1.71
Minor Departments	0.40
Rentals & Other Income	1.22
Total	**$63.71**

*All amounts are medians.

Average Room Rate			
Under $40.00	$40.00–$54.99	$55.00–$69.99	$70.00 and Over
100.3%	100.6%	100.2%	100.3%
1.0	1.3	**	**
100.0%	100.0%	100.0%	100.0%
20.0%	15.7%	17.6%	14.4%
2.4	2.1	2.4	3.0
1.5	2.1	2.9	2.8
2.4	1.9	1.9	2.0
1.5	0.9	2.9	1.4
29.9	24.9	27.0	25.7
70.1%	75.1%	73.0%	74.3%

Exhibit 7
Ratios to Total Food and Beverage Sales*

	All Establishments	Restaurant Operated Total Food & Beverage Sales as a Ratio to Total Sales†			
		0–25.0%	25.1–35.0%	35.1–45.0%	45.1% and Over
Sales					
Food	72.5%	74.8%	74.1%	71.2%	**
Beverage	28.0	26.7	25.9	29.2	**
Total	100.0%	100.0%	100.0%	100.0%	**
Cost of Sales* **					
Food	34.8%	34.7%	35.1%	35.1%	**
Beverage	24.2	24.5	24.7	21.9	**
Total	31.5%	31.6%	30.9%	31.7%	**
Gross Profit	68.5%	68.4%	69.1%	68.3%	**
Public Room Sales	1.6	0.9	2.4	1.9	**
Other Income	0.9	0.6	**	1.0	**
Total	70.4%	69.2%	70.3%	71.7%	**
Departmental Expenses					
Payroll & Related Expenses	41.0%	42.1%	37.4%	39.8%	**
China, Glassware, Silver and Linen	1.1	0.9	1.2	1.4	**
Contract Cleaning	0.5	0.6	**	0.4	**
Laundry & Dry Cleaning	0.9	0.7	1.0	0.8	**
Operating Supplies	3.1	3.5	2.9	2.8	**
Uniforms	0.3	0.2	0.4	0.4	**
All Other Operating Expenses	4.6	3.5	5.2	7.0	**
Total	51.8%	52.0%	50.8%	52.1%	**
Departmental Income	17.8%	17.4%	17.6%	18.7%	**

†Readers should be cautioned that these figures are not directly comparable to those in previous reports.
*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.
***Cost of sales ratios, except total cost of sales, are shown as a percentage of corresponding sales.

Average Room Rates			
Under $40.00	$40.00–$54.99	$55.00–$69.99	$70.00 and Over
77.9%	68.8%	73.0%	72.4%
24.9	32.8	27.0	27.6
100.0%	100.0%	100.0%	100.0%
36.3%	37.2%	34.0%	33.2%
25.7	24.5	21.7	21.8
34.7%	32.6%	30.3%	30.1%
65.3%	67.4%	69.7%	69.9%
••	1.8	1.7	0.4
••	0.5	0.9	1.0
67.6%	68.9%	72.9%	70.5%
43.2%	41.0%	41.5%	37.4%
0.6	1.0	1.5	1.8
••	••	0.5	0.6
••	1.0	1.1	0.8
3.5	3.7	2.5	3.1
0.2	0.2	0.6	0.5
4.1	4.7	4.9	3.3
50.5%	55.3%	52.0%	50.1%
17.5%	15.4%	20.5%	19.6%

Exhibit 8
Ratios to Telephone Department Expenses*

	All Establishments
Sales	100.0%
Cost of Sales	
Cost of Calls	54.4
Equipment Rental	17.2
Total Cost of Sales	72.4
Payroll & Related Expenses	23.0
All Other Expenses	2.5
Total Departmental Expenses	86.4
Net Department Income (Loss)	15.6%

*All figures are medians and do not necessarily add to totals shown.

Exhibit 9
Amounts Per Available Room and Ratios to Total Sales*

	All Establishments	Size of Property		
		Under 150 Rooms	150–299 Rooms	300 Rooms & Over
Amounts Per Available Room				
Telephone				
Sales	$438	$368	$414	$601
Cost of Sales				
Cost of Calls	272	331	266	280
Equipment Rental	84	**	75	160
Total	355	360	346	379
Payroll & Related Expenses	160	**	150	160
All Other Expenses	14	**	20	9
Total Department Expenses	434	352	367	557
Net Department Income (Loss)	$ 57	$ 88	$ 56	$ 52
Minor Departments				
Sales	$461	**	$388	$530
Cost of Sales	276	**	178	368
Payroll & Related Expenses	182	**	178	217
Other Expenses	45	**	50	44
Total Department Costs and Expenses	401	**	278	549
Net Department Income (Loss)	$ 89	**	$ 91	$ 63
Rentals & Other Income				
Space Rentals	$ 73	**	$ 86	$ 73
Concessions	48	**	42	49
Commissions	63	$149	46	73
Other	160	96	131	178
Total Department Income	$298	$299	$251	$346
Ratios to Total Sales				
Telephone				
Sales	2.5%	2.4%	2.5%	2.2%
Cost of Sales	2.0	2.5	2.1	1.5
Payroll & Related Expenses	0.6	**	0.5	0.6
Net Income (Loss)	0.4%	0.4%	0.4%	0.2%
Minor Departments				
Sales	2.3%	**	3.1%	2.2%
Cost of Sales	1.5	**	1.5	1.4
Payroll & Related Expenses	1.0	**	1.1	1.0
Net Income (Loss)	0.3%	**	0.5%	0.3%
Rentals and Other Income				
Space Rentals	0.3%	**	0.8%	0.3%
Concessions	0.2	**	0.3	0.2
Commissions	0.3	0.8%	0.2	0.2
Other	0.7	0.6	0.7	0.7
Net Income	1.7%	2.1%	1.4%	1.7%

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 10
Analysis of Administrative and General Expenses
Ratios to Total Sales*

		Size of Property		
	All Establishments	Under 150 Rooms	150–299 Rooms	300 Rooms & Over
Payroll & Related Expenses	4.5%	5.0%	4.7%	4.3%
Bad Debts	0.1	0.1	0.1	0.1
Credit Card Commissions	1.2	0.9	1.3	1.3
Data Processing Services	0.1	**	0.2	0.1
Insurance (General)	2.0	**	2.0	1.8
Licenses and Dues	0.1	0.1	0.1	0.1
Operating Supplies	0.4	0.4	0.4	0.4
Professional Fees	0.2	0.4	0.4	0.2
Security	0.3	0.4	0.5	N
Travel & Entertainment	0.2	0.2	0.2	0.2
All Other Expenses	1.0	3.1	0.9	0.8
Total	10.4%	11.5%	10.4%	9.5%

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.
N — Negligible.

Exhibit 11
How the Marketing Dollar Was Allocated*

		Location			
	All Establishments	Center City	Suburban	Highway	Resort
Payroll & Related Expenses	24.2%	31.2%	30.2%	13.0%	22.3%
Sales Expenses	9.7	15.1	3.6	3.7	10.5
Advertising Expenses					
Print	16.7	11.8	9.3	16.2	22.8
Radio & TV	3.7	11.4	1.4	2.8	1.7
Outdoor	4.7	4.3	6.4	11.0	3.3
Other	8.6	7.7	3.2	6.8	9.0
Merchandising	2.5	2.6	4.7	1.3	2.2
Public Relations	1.9	1.5	0.7	1.5	2.4
Franchise Fees	18.1	7.3	23.1	35.4	16.2
All Other Expenses	9.9	7.1	17.4	8.3	9.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*All amounts are means.

Affiliation			
Chain Owned	Chain Managed	Chain Franchised	Independent
26.6%	28.9%	19.9%	24.8%
16.7	15.7	6.5	5.2
12.6	14.4	6.6	35.8
4.0	2.5	0.9	5.8
4.7	0.6	3.6	5.8
2.4	11.4	10.7	7.3
2.8	3.5	1.9	2.2
0.3	1.7	1.7	3.4
17.9	6.2	39.1	0.9
12.0	15.1	9.1	8.8
100.0%	100.0%	100.0%	100.0%

Exhibit 12
Analysis of Administrative and General Expenses
Amounts Per Available Room*

	Energy						Property Operation & Maintenance		
	Fuel	Electricity	Water	Steam	Energy Credit	Total Energy	Payroll & Related	Other Expenses	Total
All Establishments	$116	$ 875	$165	**	**	$1,105	$439	$ 626	$1,037
Location									
Center City	**	$1,177	$ 67	**	**	$1,395	$481	$ 620	$1,027
Suburban	$ 92	785	159	**	**	759	**	**	713
Highway	**	**	**	**	**	**	**	**	**
Resort	$136	$ 875	$192	**	**	$1,213	$680	$ 864	$1,439
Size of Property									
Under 150 Rooms	$130	$ 903	$181	**	**	$1,100	$497	$ 779	$1,045
150–299 Rooms	114	702	148	**	**	991	349	548	891
300 Rooms & Over	$129	$ 977	$168	**	**	$1,365	$557	$ 781	$1,406
Average Room Rates									
Under $40.00	$103	$ 561	$110	**	**	$ 718	$251	$ 419	$ 671
$40.00–$54.99	116	702	142	**	**	1,003	397	545	933
$55.00–$69.99	155	1,178	168	**	**	1,534	714	904	1,640
$70.00 & Over	$180	$1,208	$207	**	**	$1,605	$969	$1,192	$2,104

*All amounts are medians and do not necessarily add to the totals shown.
**Insufficient response.

Exhibit 13
Fixed Charges
Amounts Per Available Room and Ratio to Total Sales*

	Amounts Per Available Room								
	Rent	Property Taxes	Property Insurance	Interest	Depreciation	Leased Equipment	Other	Total	Ratio to Total Sales
All Establishments	$463	$ 517	$315	$2,428	$2,110	$189	$172	$4,937	28.9%
Location									
Center City	**	**	$224	**	**	**	**	$2,234	22.8%
Suburban	**	$ 432	**	$3,381	**	**	**	6,483	48.5
Airport	**	**	**	**	**	**	**	**	**
Highway	**	**	**	**	**	**	**	**	**
Resort	$973	580	431	2,214	$1,870	$178	$162	4,756	27.3
Size									
Under 150 Rooms	**	$ 448	$380	$1,632	$1,493	**	**	$3,337	26.0%
150–299 Rooms	$374	519	218	2,356	1,988	**	$ 28	4,937	33.1
300 Rooms & Over	670	778	229	3,709	2,536	$245	194	7,068	26.5
Rate									
Under $40.00	**	$ 313	$230	$2,292	$1,388	**	**	$3,808	36.0%
$40.00–$54.99	$374	506	423	1,888	1,991	**	$ 6	4,970	28.2
$55.00–$69.99	**	966	161	**	**	**	**	5,617	21.8
$70.00 & Over	**	1,210	720	6,362	3,836	**	**	9,651	26.5
Affiliation									
Chain Owned	**	$ 451	$151	$2,436	$1,991	**	**	$4,597	31.1%
Chain Leased	**	**	**	**	**	**	**	**	**
Chain Managed	**	1,210	**	4,900	**	**	**	$8,209	26.3
Chain Franchised	$480	399	317	1,750	1,717	**	**	4,051	27.0
Independent	357	613	515	2,214	2,036	**	**	5,169	30.6
Occupancy									
Less than 50.0%	**	**	**	**	**	**	**	**	**
50.0–59.9%	**	$ 520	$317	$2,214	$1,953	**	**	$4,573	27.3%
60.0–69.9%	**	511	430	2,420	1,992	**	**	4,330	25.9
70.0% & Over	$956	580	291	3,381	2,384	$178	$162	6,168	31.9

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 14
Amounts Per Available Room*
Affiliation and Location

		Affiliation			
	All Establishments	Chain Owned	Chain Managed	Chain Franchised	Independent
Annual Occupancy	66.8%	68.7%	73.6%	60.0%	66.9%
Annual Room Rate	$ 51.14	$ 54.38	$ 75.39	$ 45.15	$ 51.78
Revenues					
Rooms	$12,856	$13,681	$17,732	$10,304	$13,009
Food	3,106	5,457	8,101	2,236	3,424
Beverage	1,569	2,348	2,687	1,450	1,904
Other Food & Beverage	167	311	237	131	123
Telephone	438	542	673	412	399
Minor Operated	461	**	**	415	619
Rentals & Other Income	298	183	594	257	386
Total	$17,598	$22,227	$30,726	$15,220	$18,157
Department Expenses					
Rooms	$ 3,274	$ 3,929	$ 5,404	$ 2,773	$ 3,274
Food & Beverage	4,307	7,221	8,294	3,469	4,800
Telephone	434	409	537	418	463
Minor Operated	401	**	557	**	1,050
Total	$ 7,565	$ 8,407	$15,109	$ 5,947	$ 8,704
Department Profit					
Rooms	$ 9,805	$ 9,908	$12,249	$ 7,824	$10,441
Food & Beverage	831	1,035	2,240	551	831
Telephone	57	117	101	28	(17)
Minor Operated	89	42	(12)	63	324
Rentals & Other Income	298	183	594	257	386
Total	$11,203	$12,361	$15,199	$ 9,843	$12,033
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related	$ 870	$ 688	$ 1,611	$ 611	$ 1,363
Other	1,240	1,480	1,475	1,010	1,595
Total	$ 1,993	$ 2,651	$ 2,972	$ 1,545	$ 2,462
Marketing					
Payroll & Related	$ 363	$ 388	$ 670	$ 276	$ 565
Other	1,042	1,001	1,587	810	1,063
Total	$ 1,410	$ 1,196	$ 2,117	$ 1,003	$ 1,369
Energy Costs	$ 1,105	$ 1,271	$ 1,510	$ 891	$ 1,107
Property Operations and Maintenance	$ 1,037	$ 865	$ 1,681	$ 782	$ 1,498
Total Undistributed Operating Expenses	$ 5,425	$ 5,647	$ 8,532	$ 4,809	$ 6,302
Income Before Management Fees	5,115	4,943	6,766	4,470	5,772
Management Fees (Base & Incentive)	755	861	1,066	542	741
Income Before Fixed Charges	$ 4,430	$ 4,205	$ 5,676	$ 3,910	$ 5,471
Fixed Charges	$ 4,937	$ 4,597	$ 8,209	$ 4,051	$ 5,169
Income Before Income Taxes	$ (547)	$ (11)	$ (1,005)	$ 475	$ (1,038)
Reserve for Capital Replacement	$ 533	**	**	**	**

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Location			
Center City	Suburban	Highway	Resort
54.8%	68.4%	63.9%	70.8%
$ 61.93	$ 43.71	$ 36.12	$ 53.77
$12,839	$10,776	$ 8,281	$14,629
6,180	**	**	3,106
1,847	**	**	1,540
229	**	**	95
597	387	251	468
**	**	**	809
301	278	**	355
$23,540	$15,906	$11,043	$19,726
$ 4,117	$ 2,294	**	$ 3,750
6,838	**	**	4,112
592	371	**	418
**	**	**	617
$11,611	$ 6,540	**	$ 7,871
$ 8,298	$ 7,824	**	$11,163
909	**	**	946
47	39	**	77
**	**	**	215
301	278	**	355
$10,527	$ 8,344	**	$13,137
$ 1,416	$ 558	**	$ 1,138
1,544	1,112	**	1,397
$2,884	$ 1,657	**	$ 2,338
$ 637	$ 308	**	$375
1,042	810	**	1,159
$ 1,618	$ 1,171	**	$ 1,581
$ 1,395	$ 759	**	$ 1,213
$ 1,027	$ 713	**	$ 1,439
$ 7,213	$ 4,578	**	$ 5,890
2,379	4,221	**	6,164
**	**	**	1,021
$ 2,379	$ 3,910	**	$ 5,916
$ 2,234	$ 6,483	**	$ 4,756
$ (524)	$ (2,941)	**	$ 334
**	**	**	$ 533

Exhibit 15
Ratios to Total Sales*
Affiliation and Location

		Affiliation			
	All Establishments	Chain Owned	Chain Managed	Chain Franchised	Independent
Annual Occupancy	66.8%	68.7%	73.6%	60.0%	66.9%
Annual Room Rate	$51.14	$54.38	$75.39	$45.15	$51.78
Revenues					
Rooms	70.3%	71.2%	53.6%	69.8%	67.9%
Food	16.4	21.8	26.7	14.8	16.1
Beverage	8.5	9.2	8.8	8.6	8.0
Other Food & Beverage	0.7	1.0	0.5	0.8	0.6
Telephone	2.5	2.9	2.2	2.9	2.0
Minor Operated	2.3	**	**	2.3	6.0
Rentals & Other Income	1.7	0.9	1.8	1.6	2.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Department Expenses					
Rooms	17.3%	17.5%	15.5%	17.0%	16.6%
Food & Beverage	20.4	29.8	23.8	20.4	19.7
Telephone	2.4	2.3	1.9	2.8	2.1
Minor Operated	2.0	**	1.6	**	4.6
Total	40.5%	44.3%	47.4%	39.2%	42.0%
Department Profit					
Rooms	51.6%	51.7%	39.9%	54.7%	50.4%
Food & Beverage	4.1	4.4	6.7	4.2	3.3
Telephone	0.4	0.7	0.4	0.2	(0.1)
Minor Operated	0.3	0.1	(0.1)	0.3	1.7
Rentals & Other Income	1.7	0.9	1.8	1.6	2.0
Total	59.5%	55.7%	52.6%	60.8%	58.0%
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related	4.5%	4.5%	5.3%	4.0%	6.0%
Other	5.8	5.6	4.4	6.4	7.2
Total	10.4%	11.0%	9.9%	9.4%	12.0%
Marketing					
Payroll & Related	2.0%	2.0%	2.1%	1.8%	1.9%
Other	5.1	4.7	5.4	6.1	4.2
Total	6.7%	6.4%	7.3%	8.3%	5.7%
Energy Costs	5.8%	5.6%	4.2%	6.0%	5.8%
Property Operations and Maintenance	5.8%	4.9%	6.1%	5.4%	6.8%
Total Undistributed Operating Expenses	30.0%	27.5%	27.7%	31.2%	30.6%
Income Before Management Fees	29.0%	23.7%	22.5%	31.3%	28.8%
Management Fees (Base and Incentive)	3.4%	3.6%	3.4%	4.1%	2.9%
Income Before Fixed Charges	26.9%	23.7%	18.1%	29.7%	24.8%
Fixed Charges	28.9%	31.1%	26.3%	27.0%	30.6%
Income Before Income Taxes	(3.6)%	(0.1)%	(3.5)%	4.0%	(6.6)%
Reserve for Capital Replacement	2.0%	**	**	**	**

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

Location			
Center City	Suburban	Highway	Resort
54.8%	68.4%	63.9%	70.8%
$61.93	$43.71	$36.12	$53.77
56.3%	65.6%	77.5%	71.8%
26.1	**	**	15.3
9.4	**	**	7.0
1.2	**	**	0.4
2.9	2.5	2.6	2.0
**	**	**	3.7
2.0	1.5	**	1.7
100.0%	100.0%	100.0%	100.%
17.8%	14.8%	**	16.6%
30.9	**	**	18.5
2.9	2.6	**	2.1
**	**	**	3.1
54.8%	41.6%	**	38.9%
38.0%	52.7%	**	53.2%
3.8	**	**	4.4
0.3	0.2	**	0.3
**	**	**	0.9
2.0	1.5	**	1.7
45.2%	58.4%	**	61.1%
5.7%	3.5%	**	4.5%
7.0	5.0	**	5.6
12.3%	10.6%	**	10.0%
2.1%	2.2%	**	1.7%
5.9	5.5	**	4.9
8.5%	7.8%	**	6.4%
7.3%	6.2%	**	5.3%
6.3%	4.1%	**	6.2%
32.4%	26.7%	**	30.2%
11.7%	31.3%	**	30.6%
**	**	**	3.3%
9.8%	27.4%	**	28.8%
22.8%	48.5%	**	27.3%
(2.0)%	(17.3)%	**	2.0%
**	**	**	1.7%

Exhibit 16
Amounts Per Available Room*
Occupancy & Average Room Rate

	Occupancy			
	Less than 50.0%	50.0–59.9%	60.0–69.9%	70.0% & Over
Annual Occupancy	**	55.8%	64.8%	76.5%
Annual Room Rate	**	$ 48.76	$ 52.79	$ 49.27
Revenues				
Rooms	**	$ 9,933	$12,791	$14,423
Food	**	3,615	2,663	3,531
Beverage	**	1,904	1,471	1,378
Other Food & Beverage	**	257	143	89
Telephone	**	571	447	472
Minor Operated	**	600	368	588
Rentals & Other Income	**	313	264	404
Total	**	$17,353	$18,069	$19,064
Department Expenses				
Rooms	**	$ 2,872	$ 3,164	$ 3,654
Food & Beverage	**	5,620	3,574	4,423
Telephone	**	446	382	430
Minor Operated	**	616	278	476
Total	**	$ 8,238	$ 7,824	$ 7,565
Department Profit				
Rooms	**	$ 7,778	$ 9,624	$11,251
Food & Beverage	**	1,267	551	831
Telephone	**	50	57	83
Minor Operated	**	166	78	53
Rentals & Other Income	**	313	264	404
Total	**	$10,519	$10,670	$12,357
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related	**	$ 868	$ 955	$ 870
Other	**	1,100	992	1,415
Total	**	$ 1,936	$ 1,962	$ 2,090
Marketing				
Payroll & Related	**	$ 472	$ 380	$ 284
Other	**	863	1,101	1,113
Total	**	$ 1,429	$ 1,424	$ 1,259
Energy Costs	**	$ 1,332	$ 1,102	$ 1,051
Property Operations and Maintenance	**	$ 1,326	$ 1,027	$ 1,297
Total Undistributed Operating Expenses	**	$ 5,338	$ 5,585	$ 5,433
Income Before Management Fees	**	3,680	4,470	6,280
Management Fees (Base and Incentive)	**	**	560	842
Income Before Fixed Charges	**	$ 3,319	$ 3,904	$ 5,813
Fixed Charges	**	$ 4,573	$ 4,330	$ 6,168
Income Before Income Taxes	**	$ 96	$ (1,032)	$ (594)
Reserve for Capital Replacement	**	**	**	**

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.

Average Room Rate			
Under $40.00	$40.00–$54.99	$55.00–$69.99	$70.00 and Over
64.8%	68.2%	68.5%	65.5%
$ 33.67	$ 47.79	$ 64.80	$ 80.47
$ 7,697	$12,283	$15,506	$20,200
1,530	2,654	6,854	8,107
364	1,290	2,622	3,457
••	126	284	174
327	406	665	672
378	367	158	1,211
307	185	302	639
$10,131	$16,012	$25,921	$37,838
$ 2,126	$ 2,914	$ 4,156	$ 5,671
1,484	3,437	8,416	10,498
241	371	592	773
278	••	158	979
$ 4,132	$ 6,849	$13,718	$17,337
$ 5,608	$ 9,451	$11,776	$16,010
354	494	1,886	2,377
49	56	83	81
92	76	(1)	405
307	185	302	639
$ 5,943	$10,658	$14,291	$18,040
$ 391	$ 613	$ 1,510	$ 1,892
586	1,342	1,604	1,940
$ 795	$ 1,697	$ 3,316	$ 3,942
$ 186	$ 266	$ 641	$ 845
459	1,013	1,159	1,779
$ 571	$ 1,309	$ 1,793	$ 2,596
$ 718	$ 1,003	$ 1,534	$ 1,605
$ 671	$ 933	$ 1,640	$ 2,104
$ 2,913	$ 5,263	$ 8,548	$10,572
3,356	5,227	6,946	9,535
368	594	1,154	1,182
$ 3,126	$ 4,793	$ 5,561	$ 9,163
$ 3,808	$ 4,970	$ 5,617	$ 9,651
$ (602)	$ (702)	$ 1,217	$ (731)
••	••	••	••

Exhibit 17
Ratios to Total Sales*
Occupancy and Average Room Rate

	Occupancy			
	Less than 50.0%	50.0–59.9%	60.0–69.9%	70.0% & Over
Annual Occupancy	**	55.8%	64.8%	76.5%
Annual Room Rate	**	$48.76	$52.79	$49.27
Revenues				
Rooms	**	58.9%	71.7%	73.3%
Food	**	20.0	15.0	15.8
Beverage	**	9.0	9.1	5.5
Other Food & Beverage	**	1.4	0.7	0.4
Telephone	**	2.8	2.5	2.4
Minor Operated	**	2.2	2.3	3.2
Rentals & Other Income	**	1.7	1.3	1.9
Total	**	100.0%	100.0%	100.0%
Department Expenses				
Rooms	**	16.6%	17.8%	14.9%
Food & Beverage	**	25.9	19.6	18.6
Telephone	**	2.7	2.1	2.1
Minor Operated	**	2.3	2.0	1.7
Total	**	44.0%	41.6%	38.9%
Department Profit				
Rooms	**	42.0%	53.4%	54.5%
Food & Beverage	**	4.7	3.5	4.4
Telephone	**	0.3	0.4	0.4
Minor Operated	**	0.6	0.4	0.2
Rentals & Other Income	**	1.7	1.3	1.9
Total	**	56.0%	58.4%	61.1%
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related	**	5.8%	5.3%	3.9%
Other	**	6.4	5.0	4.9
Total	**	12.0%	10.8%	9.4%
Marketing				
Payroll & Related	**	2.3%	2.0%	1.7%
Other	**	5.0	5.4	4.7
Total	**	6.9%	7.4%	6.4%
Energy Costs	**	7.0%	6.0%	4.9%
Property Operations and Maintenance	**	5.6%	6.4%	5.5%
Total Undistributed Operating Expenses	**	31.9%	30.5%	26.1%
Income Before Management Fees	**	22.4%	27.4%	34.9%
Management Fees (Base and Incentive)	**	**	3.1%	3.7%
Income Before Fixed Charges	**	21.4%	24.8%	32.5%
Fixed Charges	**	27.3%	25.9%	31.9%
Income Before Income Taxes	**	0.8%	(8.9)%	(2.8)%
Reserve for Capital Replacement	**	**	**	**

*All amounts are medians and do not necessarily add to totals shown.
**Insufficient response.
N—Negligible.

Average Room Rate			
Under $40.00	$40.00–$54.99	$55.00–$69.99	$70.00 and Over
64.8%	68.2%	68.5%	65.5%
$33.67	$47.79	$64.80	$80.47
78.2%	72.2%	58.0%	53.7%
13.0	15.3	25.8	24.3
3.4	8.5	9.7	9.5
••	0.7	0.9	0.4
2.9	2.5	2.3	1.9
3.2	2.4	0.7	3.2
2.6	1.4	1.1	1.8
100.0%	100.0%	100.0%	100.0%
22.7%	17.3%	15.1%	13.7%
12.9	20.3	30.9	26.3
2.7	2.5	2.5	1.8
2.5	••	0.6	2.6
36.9%	40.2%	49.3%	43.9%
55.8%	54.4%	40.2%	40.1%
2.6	3.4	6.6	6.8
0.5	0.4	0.4	0.3
0.9	0.4	N	0.9
2.6	1.4	1.1	1.8
63.1%	59.8%	50.7%	56.1%
3.6%	4.0%	5.5%	4.2%
4.6	7.5	6.1	4.9
9.1%	11.1%	11.6%	10.3%
1.6%	1.7%	2.1%	2.1%
4.7	6.3	4.4	5.0
6.2%	7.7%	6.4%	6.6%
7.2%	6.0%	5.7%	4.4%
5.8%	6.7%	5.9%	5.5%
27.9%	31.1%	30.6%	28.1%
33.7%	29.8%	20.1%	23.6%
3.5%	4.0%	3.9%	3.0%
30.8%	29.7%	16.1%	21.9%
36.0%	28.2%	21.8%	26.5
(8.4)%	(4.4)%	4.2%	(1.5)%
••	••	••	••

Exhibit 18

Size of Property

Amounts Per Available Room and Ratios to Total Sales

	Amounts Per Available Room			Ratio to Total Sales		
	Under 150 Rooms	150–299 Rooms	300 Rooms and Over	Under 150 Rooms	150–299 Rooms	300 Rooms & Over
Annual Occupancy	68.9%	66.1%	65.8%	68.9%	66.1%	65.8%
Annual Room Rate	$ 45.33	$ 44.29	$ 64.22	$45.33	$44.29	64.22
Revenues						
Rooms	$12,770	$11,533	$14,924	80.9%	73.3%	62.5%
Food	1,673	2,345	6,540	14.3	15.5	21.6
Beverage	2,103	1,430	2,292	9.0	7.7	8.9
Other Food & Beverage	**	167	214	**	0.7	0.9
Telephone	368	414	601	2.4	2.5	2.2
Minor Operated	**	388	530	**	3.1	2.2
Rentals & Other Income	299	251	346	2.1	1.4	1.7
Total	$14,668	$15,048	$25,485	100.0%	100.0%	100.0%
Department Expenses						
Rooms	$ 2,709	$ 2,675	$ 4,271	17.9%	17.7%	15.9%
Food & Beverage	2,016	3,652	6,690	15.8	[illegible]	21.6
Telephone	352	367	557	2.4	2.4	2.1
Minor Operated	**	278	549	**	2.2	2.0
Total	$ 5,322	$ 6,540	$10,420	36.5%	40.3%	43.1%
Department Profit						
Rooms	$ 7,901	$ 8,297	$11,511	57.5%	53.3%	45.4%
Food & Beverage	318	620	1,481	2.2	3.9	5.8
Telephone	88	56	52	0.4	0.4	0.2
Minor Operated	**	91	63	**	0.5	0.3
Rentals & Other Income	299	251	346	2.1	1.4	1.7
Total	$ 9,872	$10,457	$13,508	63.5%	59.7%	56.9%
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related	$ 599	$ 610	$ 1,244	5.0%	4.7%	4.3%
Other	1,484	794	1,477	9.0	5.0	5.3
Total	$ 1,877	$ 1,538	$ 3,003	11.5%	10.4%	9.5%
Marketing						
Payroll & Related	**	$ 237	$ 607	**	1.6%	2.0%
Other	1,093	741	1,428	6.1	4.2	5.5
Total	$ 1,133	$ 955	$ 1,888	6.4%	6.0%	7.7%
Energy Costs	$ 1,100	$ 991	$ 1,365	6.6%	6.0%	5.3%
Property Operations and Maintenance	$ 1,045	$ 891	$ 1,406	7.3%	6.2%	5.0%
Total Undistributed Operating Expenses	$ 5,263	$ 4,679	$ 7,992	30.6%	29.5%	29.3%
Income Before Management Fees	4,221	4,854	6,202	33.6%	29.8%	23.6%
Management Fees (Base and Incentive)	**	521	909	**	3.3%	3.4%
Income Before Fixed Charges	$ 3,675	$ 4,237	$ 5,334	33.1%	27.4%	22.0%
Fixed Charges	$ 3,337	$ 4,937	$ 7,068	26.0%	33.1%	26.5%
Income Before Income Taxes	$ 322	$ (1,119)	$ (371)	4.0%	(9.8)%	(0.8)%
Reserve for Capital Replacement	**	**	$ 500	**	**	1.7%

*All amounts are medians and do not necessarily add to totals shown. **Insufficient response.

Exhibit 19
1986 Florida Trend Summary

	Occupancy		Room Sales Per Occupied Room	
	1986	1985	1986	1985
[1]**Greater Orlando**				
Total	70.1%	64.1%	$ 51.04	$ 50.07
Boardwalk & Baseball	67.8	63.6	32.38	31.42
U.S. Highway 192	74.1	66.4	46.33	44.48
Kissimmee	67.6	60.1	34.50	32.96
Exit 65	64.4	53.2	27.53	27.45
Lake Buena Vista	81.9	74.5	91.90	88.31
Florida Center	70.3	63.2	46.54	45.86
Airport/South Orange	65.5	63.2	47.22	46.55
Orlando CBD	50.2	52.9	44.45	43.76
Altamonte Springs/Lee Road	53.7	51.9	42.93	42.30
[2]**Palm Beach County**				
Total	65.9%	64.2%	$ 98.32	$ 92.84
Central Palm Beach	66.2	62.1	51.35	48.21
Palm Beach Island	65.2	65.8	121.62	110.99
North Palm Beach	66.0	62.7	75.31	71.60
[3]**South Florida**				
Total	66.3%	62.7%	$ 74.78	$ 72.16
West Palm Beach	65.9	64.4	99.99	94.06
Broward	62.4	61.5	66.92	62.97
Miami Beach	66.5	57.6	80.70	82.62
Downtown Miami	61.9	59.5	55.66	54.08
Miami Int'l Airport	70.2	67.2	55.19	53.56
Coral Gables/Coral Grove	72.7	62.8	80.31	83.71
Other	74.3	68.1	108.84	101.76
[4]**Tampa Bay**				
Total	47.8%	47.1%	$ 43.03	$ 43.31
North Tampa	46.6	52.4	30.77	29.07
Airport/Westshore	48.4	56.4	39.46	38.60
Downtown Tampa	47.6	31.5	51.36	53.87
East Tampa	49.8	52.6	32.84	30.86
St. Petersburg Beach	46.3	42.4	52.11	48.11
Clearwater Beach	42.2	39.0	52.91	50.00
Other Pinellas County	49.7	50.2	43.03	39.44

[1]Source: *Greater Orlando Trend of Business in the Lodging Industry*, December, 1986.
[2]Source: *Palm Beach County Trend of Business in the Lodging Industry*, December 1986.
[3]Source: *South Florida Trend of Business in the Lodging Industry*, December, 1986.
[4]Source: *Tampa Bay Trend of Business in the Lodging Industry*, December, 1986.

UNDERSTANDING MEDIANS & MEANS

The annual studies written by the Research and Development Division of Laventhol & Horwath utilize medians for the majority of the reported results. This article will give an in-depth explanation on medians and quartiles, as well as briefly discuss means, along with practical uses of both.

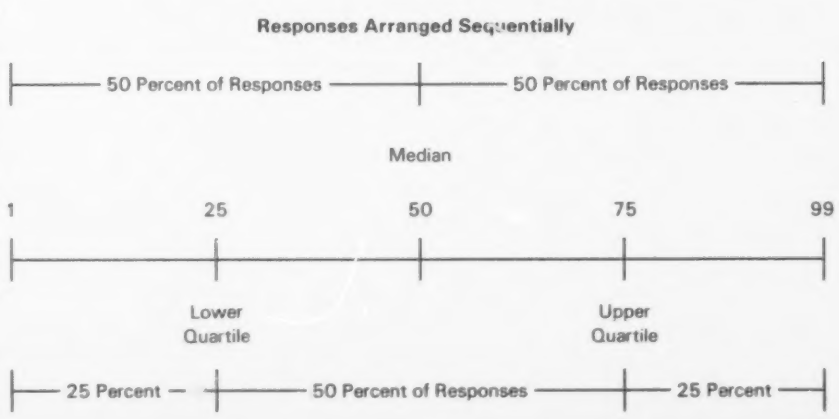
A median is defined as the middle value of all amounts calculated for a specific line item. For example, if nine responses were received for the number of full-time employees—8,4,2,6,9,7,5,1,3, these numbers would be arranged sequentially—1,2,3,4,5,6,7,8,9 and the middle value "5" would be the median since 50 percent of the responses received are below the value and 50 percent are above.

In conjunction with medians, lower and upper quartiles are used to give a further description to the sample results. Occasionally, means are used to report data, but we believe the median is the most appropriate method to report our results, because the median gives less biased results. Medians keep results from being skewed by one or two respondents. For example, if a few responding restaurants incurred large operating losses, these losses would be divided evenly among all restaurants in the sample (when using mean calculations) and bring down the average net profit of the entire group, which for the most part may have had respectable profits.

Quartiles divide the responses into four equal parts, with the median still being the middle value. The *lower quartile* is the value that separates the lowest 25 percent of the responses from the rest of the sample when arranged sequentially, while the *upper quartile* defines the boundaries of the upper 25 percent of the responses from the lower 75 percent. Stated another way, 50 percent of all responses fall between the lower and upper quartiles. For example, if we receive 99 responses for a specific item and the responses (conveniently) were numbered 1 through 99, the median (or middle value) would be 50, the lower quartile would be 25 (25 percent of the responses would be below 25), and the upper quartile would be 75 (25 percent of the responses would be above 75). Fifty percent (or half) of the responses would fall between the lower and upper quartiles. (See chart below.)

While reading this report, it should become evident that columns do not total when medians are involved. The reason behind this is each line item is analyzed separately! In the accompanying table (page 39) when all amounts are arranged sequentially, the median net profit amount per seat for total sales is $4,599. This figure is based on the 431 hotels with restaurants* that provided information for this specific line item. The median net profit amounts per seat for total food and beverage sales were $3,700 and $1,112 respectively. These two amounts were analyzed on a sample of 400 restaurants that provided separate food sales and beverage sales figures (31 provided only the total for food and beverage sales, not separate food and beverage sales figures). Different sample sizes is one reason why figures do not add to the totals shown.

There is another major reason why columns do not total. When using medians, it is important to remember that the median food sales, the median beverage sales and the median total sales figures reported probably represent the results for three separate restaurants, even though the sample size of each may be equal. This also holds true for lower and upper quartile figures.



UNDERSTANDING MEDIANS AND MEANS
(continued)

Table I
(Sample Data)

	Net Profit Per Seat		
	Lower Quartile	Median	Upper Quartile
Sales			
Food	$2,196	$3,700	$5,442
Beverage	527	1,112	1,747
Total Sales	2,863	4,599	7,030
Cost of Sales			
Food	786	1,469	2,258
Beverage	146	276	479
Total Cost of Sales	982	1,741	2,686
Gross Profit	1,877	2,920	4,460
Other Income	11	31	82
Total Income	1,953	2,957	4,517

Table II
Restaurant Seating
(Sample Data)

Restaurant	Number of Seats	Average Daily Seat Turnover	Number Seats Occupied Daily (Column 1 × Column 2)
1	60	3.80	228
2	80	4.20	336
3	100	3.70	370
4	120	2.90	348
5	140	2.00	280
6	160	1.70	272
7	180	1.90	342
8	500	1.20	600
9	600	1.00	600
Total	1,940	22.40	3,376
Median	140	2.00	342[1]
Average (rounded)	216	2.49	538

[1]The median number of seats occupied daily is 342 (the middle value of column 3). Notice that this is not equal to the product of the median number of seats multiplied by the median average daily seat turnover, which is 280. It is incorrect to use medians in calculations, such as addition or multiplication.

The terms MEAN, AVERAGE, and ARITHMETIC MEAN are all synonymous. A mean is calculated by adding the results and dividing by the number of responses. In Table II, the sum of the number of restaurant seats is 1,940. Divide this by the nine respondents and the mean (average) is 216 seats per restaurant. By comparison, the median number of seats is 140. It is obvious that the average is skewed by the two restaurants with 500 and 600 seats.

Table II is a group of restaurants that responded to number of seats available. They also provided the number of guests served, so the average daily seat turnover was calculated. The average number of seats for this sample is approximately 216 (1,940 divided by 9) and the median number of seats is 140 (the middle value of all respondents when responses are arranged sequentially). The average seat turnover is 2.49 and the median is 2.00. With this information, the mean and median for the number of seats occupied daily can be calculated.

- The median number of seats occupied daily is 342 (the middle value of column 3).
- To compute the average number of seats occupied per day, multiply the average number of seats per restaurant of 216 by the average daily seat turnover of 2.49. This gives the average daily seat turnover of approximately 538. The mean number of seats is greatly influenced by the two large properties with 500 and 600 seats.

As shown, median and means both have their uses, with medians not being affected by one or two responses that vary significantly from the rest of the sample. This is the main reason the majority of L&H studies report the data as medians.

**The number used for sample sizes are representative and are not actual sample sizes.*

EXPLANATION OF TERMS

Room Sales

Guest room revenue generated from accommodations on a part-day occupancy, full-day or longer period basis, net of any rebates and discounts. Also included are charges for maid or linen services.

Rentals and Other Income

Income from vending machine concessions and commissions, public telephone commissions, merchandise sales of postcards, souvenirs and newspapers, commissions on guest laundry, valet, meeting room rentals and all other income not included elsewhere.

Payroll and Related Expenses—Rooms Department

The salaries and wages of departmental personnel and management including: overtime, holiday and vacation pay. Also included are employee benefits and payroll taxes such as Federal, state, social security and workmen's compensation.

Payroll and Related Expenses—Administrative and General

Salaries and wages for the resident manager or managing director, secretaries, reception clerks and bookkeepers.

Undistributed Operating Expenses—Administrative and General

Expenses incurred from bad debts, credit cards commissions, data processing services, general insurance, licenses and dues, operating supplies, professional fees, security services, travel and entertainment and other related miscellaneous expenses.

Marketing

Advertising, publicity, franchise fees and other promotional expenses such as printing newspaper, magazine and billboard space and broadcasting time.

Energy

The costs of fuel, electrical current and water.

Payroll and Related Expenses—Property Operation and Maintenance

Payroll and related expenses related with the repair and maintenance of the building, furniture and fixtures and equipment, in addition to all other expenses necessary to keep the property in operating condition.

Property Operation and Maintenance

The cost of materials used in repairing equipment, the exterior and interior of the building (floors, walls, doors, furniture), grounds and landscaping, painting and decorating, the removal of waste matter and other related expenses necessary for the upkeep of the lodging facility.

Management Fees

Fees charged by a management organization for management service or supervision should be charged to the account.

Income Before Fixed Charges

Income before fixed charges is defined as total departmental revenue from all sources (rooms, minor departments, rentals and other income, and telephone) less all departmental and undistributed operating expenses. This is the income from all operations before deducting rent, property taxes, property insurance, interest, depreciation and income taxes.

PROPERTY ANALYSIS WORKSHEET

This worksheet will provide a quick analysis of how your property is performing in comparison to the industry.

Worksheet

(Use medians from exhibits)

Amount Per Available Room	Your Property	Comparison 1	Comparison 2
Revenues			
Rooms			
Food			
Beverage			
Other Food & Beverage			
Telephone			
Minor Operated			
Rentals & Other			
Total			
Department Expenses			
Rooms			
Food & Beverage			
Telephone			
Minor Operated			
Total			
Department Profit			
Rooms			
Food & Beverage			
Telephone			
Minor Operated			
Rentals & Other			
Total			
Undistributed Expenses			
Administrative & General			
Payroll & Related			
Other			
Total			
Marketing			
Payroll & Related			
Other			
Total			
Energy			
Property Operations & Maintenance			
Total Undistributed Expenses			
Income Before Management Fees			
Management Fees (Base & Incentive)			
Income Before Fixed Charges			
Fixed Charges			
Income Before Income Taxes			
Reserve for Capital Replacement			

LEISURE TIME INDUSTRY CONTACTS

Laventhol & Horwath has, since its inception, specialized in providing sophisticated advisory services to all facets of the lodging industry. The Leisure Time Advisory Services practice is the largest of its kind in the country in terms of fee volume, professional staff, geographic diversification and service capability. L&H routinely serves as advisor to the nation's most prominent hotels, developers, financiers, syndicators and industrial corporations on methods used in developing, financing, managing, operating and marketing lodging properties.

The list contains the services that L&H provides to the lodging industry as well as the contact person:

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